

Newfield Township, Oceana County, Michigan



Financial Statements
For the Year ended March 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Newfield Township, Michigan	County Oceana
Fiscal Year End March 31, 2007	Opinion Date August 24, 2007	Date Audit Report Submitted to State September 19, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations)

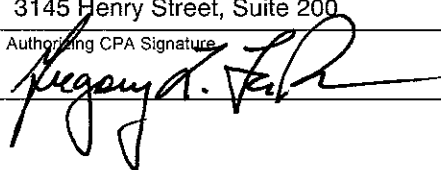
YES NO

Check each applicable box below (See instructions for further detail)

- 1 ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- 2 ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures
- 3 ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- 4 ☒ ☐ The local unit has adopted a budget for all required funds
- 5 ☒ ☐ A public hearing on the budget was held in accordance with State statute
- 6 ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- 7 ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit
- 8 ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements
- 9 ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin)
- 10 ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD) If there is such activity that has not been communicated, please submit a separate report under separate cover
- 11 ☐ ☒ The local unit is free of repeated comments from previous years
- 12 ☒ ☐ The audit opinion is UNQUALIFIED
- 13 ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP)
- 14 ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute
- 15 ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission

I, the undersigned, certify that this statement is complete and accurate in all respects

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None issued	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112 Letter	
Certified Public Accountant (Firm Name) Pridnia LaPres, PLLC		Telephone Number 231-739-9441	
Street Address 3145 Henry Street, Suite 200		City Muskegon	State MI
Authorizing CPA Signature 		Printed Name Gregory L. LaPres, CPA	Zip 49441
		License Number 1101013632	

Newfield Township, Michigan

Contents

Independent Auditors' Report	3
Management Discussion and Analysis	4-7
Basic Financial Statements	
Government-wide Statements	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds	10
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	13
Statement of Net Assets - Fiduciary Funds	14
Notes to Financial Statements	15-21
Required Supplemental Information	
Budgetary Comparison Schedule	
General Fund	23-24

Independent Auditors' Report

To the members of the
Newfield Township Board of Trustees

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Newfield Township, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Newfield Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements listed in the table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Newfield Township, Michigan as of March 31, 2007, and the results of the operations of such activities for the period then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison schedule (identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Pridnia Lapres, PLLC

August 24, 2007

Newfield Township, Michigan
Management's Discussion and Analysis
March 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 31.78% from a year ago, increasing from \$273,369 to \$360,260. This was the result of Township building reserves for future Road Improvements projects. In a condensed format, the table below shows key financial information:

	March 31, 2007	March 31, 2006
Governmental Activities		
Current assets	\$ 256,389	\$ 188,662
Noncurrent assets	107,544	113,186
Total Assets	\$ 363,933	\$ 301,848
Long-term debt outstanding	\$ 3,673	\$ 8,055
Other liabilities	-	20,424
Total Liabilities	\$ 3,673	\$ 28,479
Net assets		
Invested in capital assets - net of debt	\$ 103,871	\$ 105,131
Restricted	5,968	5,968
Unrestricted	250,421	162,270
Total Net Assets	\$ 360,260	\$ 273,369

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, was \$250,421 at March 31, 2007 compared to \$162,270 at March 31, 2006.

	March 31, 2007	March 31, 2006
Governmental Activities		
Program Revenues		
Charges for services	\$ 13,768	\$ 12,686
General Revenues		
Property taxes	119,335	113,074
State shared revenues	129,996	130,064
Investment earnings	2,303	864
Miscellaneous	14,421	40,801
Total Revenues	279,823	297,489
Program Expenses		
General government	97,199	91,722
Public safety	62,434	191,648
Public works	22,890	12,427
Recreation and culture	4,419	7,551
Unallocated depreciation	5,642	5,642
Debt Service Interest	348	-
Total Expenses	192,932	308,990
Change in Net Assets	\$ 86,891	\$ (11,501)

The Township's total net assets continue to remain healthy. The total revenues of \$279,823 decreased by 6% from the prior year and expenses of \$192,932 decreased by 37.5% from the prior year, primarily as a result of the completion of a road improvement project. As a result, net assets increased by \$86,891

Governmental Activities

The Township's total governmental revenues decreased by \$17,666 in fiscal year 2007. The following revenues decreased: State shared revenue, which dropped \$68 or 05% and Miscellaneous revenues dropped \$26,380 or 65%, because the Township received \$31,296 last year as a reimbursement from the County Road Commission for share of Maple Island project. Some of these decreases were offset by increases in property taxes.

Expenses decreased by about \$116,058 from the prior year.

Business-Type Activities

The Township had no business-type activities.

The Township's Fund

Our analysis of the Township's major fund follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Township's major fund for March 31, 2007 was the General Fund.

The General Fund pays for most of the Township's governmental services. More than 40% of the General Fund expenditures are made up of Fire Department, Cemetery, Insurance and Road Improvements, amounting to \$81,039; \$51,760, \$14,050, \$5,684 and \$9,545, respectively. Future Road Improvement projects will take considerable more funding with reduction of Oceana County Road Commission percentage. The Fire Department expenses remains at our original approved millage level and we expect this to maintain in the near future.

General Fund Budgetary Highlights

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year. The Board under-expended on Road Improvements with the proposed increase per mile to the Township.

Capital Asset and Debt Administration

At the end of March 31, 2007, the Township had \$107,544 invested in capital assets, including land, buildings, and equipment. In addition, the Township reduced expenses and increased reserves for future projects within the Township. These assets are reported in the Township's financial statements.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year 2007 calls for a small increase in property taxes due to the limited allowed property value increases (the lesser of inflation or 5%). The Township also projects that state shared revenue will decrease slightly. General Fund expenditures were budgeted for 14% decrease from the previous budget.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayer's customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office

Newfield Township, Michigan

Statement of Net Assets

<i>March 31, 2007</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 256,389
Capital assets, net (Note 3)	107,544
Total Assets	\$ 363,933
Liabilities	
Long-term debt (Note 4)	
Note payable - due within one year	\$ 1,175
Note payable - due in more than one year	2,498
Total Liabilities	3,673
Net Assets	
Invested in capital assets - net of related debt	\$ 103,871
Restricted for Permanent Fund - nonexpendable	5,968
Unrestricted	250,421
Total Net Assets	\$ 360,260

The accompanying notes are an integral part of this statement.

Newfield Township, Michigan

Statement of Activities

<i>Year ended March 31, 2007</i>	Expenses	<u>Program Revenues</u>	
		Charges for Services	Governmental Activities
Primary Government			
General government	\$ (97,199)	\$ 760	\$ (96,439)
Public safety	(62,434)	13,008	(49,426)
Public works	(22,890)	-	(22,890)
Culture and recreation	(4,419)	-	(4,419)
Unallocated depreciation	(5,642)	-	(5,642)
Debt service - interest	(348)	-	(348)
Total Primary Government	\$ (192,932)	\$ 13,768	(179,164)
General Revenues			
Property taxes			119,335
Grants and contributions			129,996
Unrestricted investment earnings			2,303
Miscellaneous			14,421
Total General Revenues			266,055
Change in Net Assets			86,891
Net Assets – April 1, 2006			273,369
Net Assets – March 31, 2007			\$ 360,260

The accompanying notes are an integral part of this statement

Newfield Township, Michigan

Governmental Funds

Balance Sheet

March 31, 2007

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 250,421	\$ 5,968	\$ 256,389
Liabilities and Fund Balances			
Fund Balances			
Reserved for perpetual care	\$ -	\$ 5,968	\$ 5,968
Unreserved	250,421	-	250,421
Total Fund Balances	250,421	5,968	256,389
Total Liabilities and Fund Balances	\$ 250,421	\$ 5,968	
Capital assets used for governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet			107,544
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet			(3,673)
Net Assets of Governmental Activities			\$ 360,260

The accompanying notes are an integral part of this statement.

Newfield Township, Michigan

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balances

<i>Year ended March 31, 2007</i>	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 119,335	\$ -	\$ 119,335
State revenue sharing	129,996	-	129,996
Licenses and permits	760	-	760
Charges for services	13,008	-	13,008
Interest	2,303	-	2,303
Other	14,421	-	14,421
Total Revenue	279,823	-	279,823
Expenditures			
Township board	10,818	-	10,818
Supervisor	9,628	-	9,628
Elections	4,556	-	4,556
Fire coverage	51,760	-	51,760
Assessor	30,416	-	30,416
Township clerk	11,861	-	11,861
Board of review	1,129	-	1,129
Township treasurer	23,107	-	23,107
Township hall and grounds	2,478	-	2,478
Cemetery	14,050	-	14,050
Zoning administrator	4,288	-	4,288
Zoning board	2,073	-	2,073
Road improvements	9,545	-	9,545
Street lighting	1,130	-	1,130
Parks and recreation	90	-	90
Insurance and bonds	5,684	-	5,684
Resident services	4,329	-	4,329
Debt service	4,382	-	4,382
Interest	348	-	348
Total Expenditures	191,672	-	191,672

Newfield Township, Michigan

Governmental Funds

Statement of Revenue, Expenditures and Changes in Fund Balances

<i>Year ended March 31, 2007</i>	General Fund	Other Governmental Funds	Total Governmental Funds
Excess of Revenues Over Expenditures	\$ 88,151	\$ -	\$ 88,151
Fund balance - April 1, 2006	162,270	5,968	168,238
Fund balance - March 31, 2007	\$ 250,421	\$ 5,968	\$ 256,389

The accompanying notes are an integral part of this statement.

Newfield Township, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended March 31, 2007

Net Change in Fund Balances – Total Governmental Funds \$ 88,151

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report outlays for capital assets as expenditures; in the
Statement of Activities, these costs are depreciated over their
estimated useful lives

Depreciation expense (5,642)

Repayment of principal on long-term debt is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the Statement of Net Assets.

4,382

Change in Net Assets of Governmental Activities \$ 86,891

The accompanying notes are an integral part of this statement

Newfield Township, Michigan

Statement of Net Assets - Fiduciary Funds

	<u>Agency Fund</u>
	Tax Collection Fund
<i>March 31, 2007</i>	
Assets	
Cash and investments	\$ 1,391
Liabilities	
Due to other governments	\$ 1,391

The accompanying notes are an integral part of this statement.

Newfield Township, Michigan

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Newfield Township, Michigan (the "Township") was established pursuant to Public Acts 33 and 57 of 1951. The purpose of the organization is to provide government for Newfield Township. The Township is governed by a Board whose membership is comprised of a supervisor, clerk, treasurer and trustees elected by general election in the township.

The financial statements of the township include those of separately administered organizations that are controlled by or dependent on the township. The criteria for including organizations within the township's reporting entity, as set forth in GASB No. 14 "The Reporting Entity", is financial accountability. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing boards. Based upon the above criteria, there are no other organizations included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Newfield Township.

The Statement of Activities demonstrates the degree to which the direct expenses of providing township services are offset by the revenues designated to fund those services.

Newfield Township, Michigan

Notes to Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are all collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

State-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period, when applicable. All other revenue items are considered to be available only when cash is received by the Township.

The various funds are presented in these financial statements as follows:

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township.

Newfield Township, Michigan

Notes to Financial Statements

Capital Assets

Capital assets, which include property and equipment, are reported in the Statement of Net Assets column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	3 - 10 years

Budgets and Budgetary Accounting

As mandated by PA 621 of 1978, all township funds are required to be under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the township board.

The budget is prepared by the Township Treasurer, together with the Township Clerk. The budget is then presented to the Township Board for approval.

Newfield Township, Michigan

Notes to Financial Statements

Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Donations

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. All non-cash donations are recorded at their estimated fair market value as of the date of the contribution.

Cash Equivalents

The Township considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year and are due before February 14. The Township uses December 1 as its levy date and December 31 as its lien date.

Newfield Township, Michigan

Notes to Financial Statements

Post-Employment Benefit Plans

The Township has no defined pension or post-employment benefit plan as of March 31, 2007.

Compensated Absences

The Township had no accumulated unpaid compensated absences at March 31, 2007.

2. Cash

Michigan Compiled Laws authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township's investment policy permits investments in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and investment pools organized under the surplus funds investment pool act or the local government investment pool act

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds
Cash and Cash Equivalents	\$256,389	\$ 1,391

Newfield Township, Michigan

Notes to Financial Statements

The bank balance of the Township's deposits is \$717,900, of which \$135,968 is covered by federal depository insurance, \$581,932 is uninsured and uncollateralized

3. **Capital Assets** Capital assets activity of the Township for the period ended March 31, 2007 was as follows:

	Balance April 1, 2006	Additions	Deletions	Balance March 31, 2007
Governmental Activities				
Capital assets not depreciable:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Capital assets being depreciated:				
Buildings	125,700	-	-	125,700
Equipment	25,090	-	-	25,090
Subtotal	150,790	-	-	150,790
Less accumulated depreciation for:				
Buildings	(37,415)	(3,133)	-	(40,548)
Equipment	(10,189)	(2,509)	-	(12,698)
Subtotal	(47,604)	(5,642)	-	(53,246)
Governmental Activities Total Capital				
Assets - Net of Depreciation	\$113,186	\$ (5,642)	\$ -	\$ 107,544

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities - Unallocated \$5,642

Newfield Township, Michigan

Notes to Financial Statements

4. Long-term Liabilities

Long-term liabilities consist of two obligations to banks for various equipment purchases. The obligations are unsecured. The full faith and credit of the Township is pledged for their repayment.

The activity for the period ended March 31, 2007 can be summarized as follows:

Governmental Activities	Interest Rate	Principal Matures	Beginning Balance	Additions (Reduction)	Ending Balance	Due Within One Year
Equipment loan	4.35%	April 2006	\$ 3,255	\$ (3,255)	\$ -	\$ -
Equipment loan	4.15%	August 2009	4,800	(1,127)	3,673	1,175
					<u>\$ 3,673</u>	<u>\$ 1,175</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year ending March 31,	Governmental Activities	
	Principal	Interest
2008	\$ 1,175	\$ 152
2009	1,224	104
2010	1,274	53
	<u>\$ 3,673</u>	<u>\$ 309</u>

5. Risk Management

The Township participants in a public official bond plan provided by Michigan Township Participating Plan, and a workman compensation plan provided by the Accident fund of Michigan. As of March 31, 2007 there were no known claims against the Township.

Required Supplemental Information



Newfield Township, Michigan

Budgetary Comparison Schedule - General Fund

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual
Revenues			
Property taxes	\$108,050	\$108,050	\$ 119,335
State revenue sharing	128,000	128,000	129,996
Licenses and permits	500	500	760
Charges for services	11,300	11,300	13,008
Interest	1,000	1,000	2,303
Other	2,600	2,600	14,421
Total Revenues	251,450	251,450	279,823
Expenditures			
Township board	8,500	11,000	10,818
Supervisor	10,200	10,200	9,628
Elections	5,500	5,500	4,556
Fire coverage	50,400	51,760	51,760
Assessor	30,000	30,416	30,416
Township clerk	12,200	12,200	11,861
Board of review	1,500	1,500	1,129
Township treasurer	20,000	23,108	23,107
Township hall and grounds	7,500	7,500	2,478
Cemetery	18,700	18,781	14,050
Zoning administrator	4,500	4,500	4,288
Zoning board	3,000	3,073	2,073
Road improvements	50,000	50,000	9,545
Street lighting	1,400	1,400	1,130
Parks and recreation	2,000	2,000	90
Insurance and bonds	6,000	6,000	5,684
Resident services	4,500	4,500	4,329
Technology reserve	3,000	3,000	-
Unallocated	12,550	5,012	-
Debt service	-	-	4,382
Interest	-	-	348
Total Expenditures	251,450	251,450	191,672

Newfield Township, Michigan

Budgetary Comparison Schedule - General Fund

<i>Year ended March 31, 2007</i>	Original Budget	Final Budget	Actual
Excess of Revenues Under Expenditures	\$ -	\$ -	\$ 88,151
Fund balance - April 1, 2006	162,270	162,270	162,270
Fund balance - March 31, 2007	\$ 162,270	\$162,270	\$ 250,421

To the Members of the
Newfield Township Board of Trustees

August 24, 2007

In planning and performing our audit of the financial statements of Newfield Township, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Newfield Township, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute significant deficiencies.

The American Institute of Certified Public Accountants (AICPA) has issued Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*. This statement requires the independent auditor to perform additional procedures that are intended to reduce the risk that material fraud may go undetected. You should be aware that, while these additional procedures may reduce the risk of material undetected fraud, they do not eliminate risk. It is management's responsibility to design and implement programs and controls to prevent, deter and detect fraud. During our audit of the Township, we noted that there was no documented fraud prevention policy in place.

Invoices processed by the Township Clerk/Deputy Clerk are not currently being reviewed by a member of management or the Township Board. Although the check register is reviewed and approved by the Township Board, corresponding invoices are not being reviewed for accuracy and approved in writing. In addition, invoices are not currently being stamped paid or otherwise cancelled after payment.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

The Township does not have procedures in place to prepare financial statements and related disclosures in accordance with U.S. generally accepted accounting principles. This includes procedures to maintain a trial balance and to record and adjust receivables, payables and other balance sheet accounts on a monthly and year-end basis. In addition, capital asset and depreciation schedules are not being maintained by the Township. Township accounts are also not being maintained in conformity with the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan under the authority of PA2 of 1968.

This communication is intended solely for the information and use of management, the Board of Trustees of Newfield Township, and the State of Michigan Department of Treasury, and is not intended to be, and should not be, used by anyone other than these specified parties.

Pridnia LaPres, PLLC